

Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Addison Township	County Oakland
Fiscal Year End March 31, 2006	Opinion Date August 23, 2006	Date Audit Report Submitted to State September 27, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

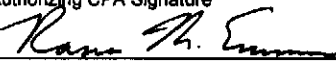
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Post, Smythe, Lutz and Ziel LLP		Telephone Number 734-453-8770	
Street Address 1034 W. Ann Arbor Trail		City Plymouth	State MI
Zip 48170			
Authorizing CPA Signature 		Printed Name Rana M. Emmons, CPA	License Number 22716

**TOWNSHIP OF ADDISON
Oakland County, Michigan**

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
March 31, 2006**

TOWNSHIP OF ADDISON
For the Year Ended March 31, 2006

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FINANCIAL SECTION

POST, SMYTHE, LUTZ and ZIEL LLP

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Independent Auditor's Report

August 23, 2006

To the Board of Trustees
Township of Addison
Oakland County, Michigan

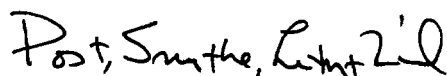
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining information of the Township of Addison, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Addison's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Addison as of March 31, 2006, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP
Certified Public Accountants

Management's Discussion and Analysis

As management of the Township of Addison, we offer readers of the Township of Addison's financial statements this narrative overview and analysis of the financial activities of the Township of Addison for the fiscal year ended March 31, 2006.

Financial Highlights

- The assets of the Township of Addison exceeded its liabilities at the close of the most recent fiscal year by \$7,346,142 (*net assets*). Of this amount, \$3,068,747 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Township of Addison's governmental funds reported combined ending fund balances of \$3,153,099, an increase of \$291,902 in comparison with the prior year. Approximately 97 percent of this amount, \$3,068,747 is *available for spending* at the government's discretion (*unreserved fund balance*).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Township of Addison's basic financial statements. The Township of Addison's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township of Addison's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township of Addison's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of The Township of Addison is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township of Addison include general government, public safety, planning and zoning, public works, and recreation and culture. The government-wide financial statements can be found on pages 7-8 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township of Addison, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township of Addison can be divided into either governmental funds or fiduciary fund categories.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township of Addison maintains 5 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police Protection Special Revenue Fund, Fire Operating Special Revenue Fund, and the Fire Capital Special Revenue Fund, all of which are considered to be major funds.

A budgetary comparison statement has been provided for the General, Police Protection, Fire Operating, and Fire Capital Funds to demonstrate compliance with the annual appropriated budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township of Addison's own programs.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township of Addison, assets exceeded liabilities by \$7,346,142 at the close of the most recent fiscal year.

A significant portion of The Township of Addison's net assets (57 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township of Addison uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township of Addison's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Township of Addison's Net Assets

	2006	2005
Current and other assets	\$3,309,191	\$ 3,148,008
Capital Assets	4,917,614	4,989,393
Total Assets	8,226,805	8,137,401
Long-term liabilities	724,571	796,644
Other liabilities	156,092	286,811
Total Liabilities	880,663	1,083,455
Net Assets:		
Invested in capital assets, net of related debt	4,193,043	4,192,749
Restricted	84,352	82,840
Unrestricted	3,068,747	2,778,357
Total Net Assets	\$7,346,142	\$ 7,053,946

An additional portion of the Township of Addison's net assets (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$3,068,747) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township of Addison is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. The Township's net assets increased by \$292,196 during the current fiscal year.

The increase in net assets, is presented in the table below:

	2006	2005
Program Revenues:		
Charges for Services	\$ 402,984	\$ 290,026
Operating Grants & Contributions	10,637	50,749
Capital Grants & Contributions	-	-
General Revenues:		
Property Taxes	2,045,356	1,908,330
State Shared Revenues	438,078	436,369
Unrestricted Investment Earnings	138,149	61,201
Other	7,168	8,571
Total Revenues	<u>3,042,372</u>	<u>2,755,246</u>
Program Expenses		
General Government	806,824	892,266
Public Safety	1,822,653	1,652,044
Planning and Zoning	48,699	54,681
Public Works	30,962	36,005
Recreation and Cultural	13,958	15,153
Interest on Long-Term Debt	27,080	14,604
Total Expenses	<u>2,750,176</u>	<u>2,664,753</u>
Change in Net Assets	<u>\$ 292,196</u>	<u>\$ 90,493</u>

Governmental funds. The focus of the Township of Addison's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township of Addison's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township of Addison's governmental funds reported combined ending fund balances of \$3,153,099, an increase of \$291,902 in comparison with the prior year. The *unreserved fund balance*, which is the amount available for spending at the government's discretion, represents 97% of the total fund balance. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to uphold agreements (\$84,352).

The general fund is the chief operating fund of The Township of Addison. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,195,461, while total fund balance is \$1,278,764.

The fund balance of the Township of Addison's general fund increased by \$254,372 during the current fiscal year. The key factors in this increase were legal fee recovery in the amount of \$124,875 from lawsuits and settlement agreements, an increase in the interest rates resulting in a \$68,900 increase in interest revenue, and a decrease in professional fees of \$86,150 over the prior year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were minor adjustments within departments with a net effect of no increase or decrease from the total original budget.

Capital Asset and Debt Administration

Capital assets. The Township of Addison's investment in capital assets for its governmental activities as of March 31, 2006, amounts to \$4,917,614 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and parks. The total decrease in the Township of Addison's investment in capital assets for the current fiscal year was 1 percent, as a result of depreciation expense. The Township purchased a total of \$78,238 of building improvements and equipment in the current year.

Long-term debt. At the end of the current fiscal year, the Township of Addison had total debt outstanding of \$724,571 including \$690,364 of installment loans payable. All of The Township of Addison's debt represents general obligation debt backed by the full faith and credit of The Township of Addison, subject to constitutional limit.

Additional information on the Township of Addison's long-term debt can be found in note IV. D. on pages 23-24 of this report.

Economic Factors and Next Year's Budgets and Rates

The fiscal year 2006-2007 budget adopted by the Township projects that approximately \$35,000 of the General Fund balance will be expended during the year (expenditures exceeding revenues).

Increases in the Township's taxable value have provided additional revenue while the total millage rate has been reduced due to Headlee roll backs, providing a minimal increase in tax revenues to the Township. Also, the Township has not filled some of the positions that are currently open, but rather has had existing staff absorb those duties to keep costs down.

Requests for Information

This financial report is designed to provide a general overview of the Township of Addison's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Township Supervisor, 1440 Rochester Road, Leonard, MI 48367.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF ADDISON
Statement of Net Assets
March 31, 2006

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 996,994
Restricted Assets - Cash	83,303
Receivables (net of allowance for uncollectibles):	
Taxes	2,042,992
Accounts	10,000
Due from Other Governmental Units	139,913
Prepaid Expenses	35,989
Capital Assets (Net of Accumulated Depreciation)	4,917,614
Total Assets	<u>8,226,805</u>
 <u>LIABILITIES</u>	
Accounts Payable	130,689
Accrued Liabilities	25,403
Noncurrent Liabilities:	
Due within one year	99,488
Due in more than one year	625,083
Total Liabilities	<u>880,663</u>
 <u>NET ASSETS</u>	
Invested in Capital Assets, net of related debt	4,193,043
Restricted for:	
Cemetery	1,049
Gravel Site	83,303
Unrestricted	3,068,747
Total Net Assets	\$ <u><u>7,346,142</u></u>

TOWNSHIP OF ADDISON
Statement of Activities
For the Year Ended March 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary Government:				
Governmental Activities:				
General Government	\$ 806,824	\$ 72,534	\$ 10,637	\$ (723,653)
Public Safety	1,822,653	169,888	-	(1,652,765)
Planning and Zoning	48,699	160,562	-	111,863
Public Works	30,962	-	-	(30,962)
Recreation and Cultural	13,958	-	-	(13,958)
Interest on Long-Term Debt	27,080	-	-	(27,080)
Total Governmental Activities	<u>\$ 2,750,176</u>	<u>\$ 402,984</u>	<u>\$ 10,637</u>	<u>(2,336,555)</u>
General Revenues:				
Property Taxes				2,045,356
State Shared Revenue				438,078
Franchise Taxes				7,168
Unrestricted Investment Earnings				138,149
Total General Revenues				<u>2,628,751</u>
		Change in Net Assets		292,196
		Net Assets - Beginning		<u>7,053,946</u>
		Net Assets - Ending	\$	<u><u>7,346,142</u></u>

TOWNSHIP OF ADDISON

Balance Sheet

Governmental Funds

March 31, 2006

	General	Police Protection	Fire Operating	Fire Capital	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 650,734	\$ 57,334	\$ 85,526	\$ 202,351	\$ 1,049	\$ 996,994
Restricted Assets	83,303	-	-	-	-	83,303
Receivables (net of allowance for uncollectibles):						
Taxes	336,638	877,355	620,521	208,478	-	2,042,992
Accounts	10,000	-	-	-	-	10,000
Due from Other Funds	124,749	23,967	-	-	-	148,716
Due from Other Units	139,913	-	-	-	-	139,913
Prepaid Expenditures	15,771	-	20,218	-	-	35,989
Total Assets	<u>\$ 1,361,108</u>	<u>\$ 958,656</u>	<u>\$ 726,265</u>	<u>\$ 410,829</u>	<u>\$ 1,049</u>	<u>\$ 3,457,907</u>
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities:						
Accounts Payable	\$ 43,956	\$ 78,274	\$ 5,447	\$ 3,012	\$ -	\$ 130,689
Accrued and Other Liabilities	14,421	-	10,982	-	-	25,403
Due to Other Funds	23,967	-	75,652	49,097	-	148,716
Total Liabilities	<u>82,344</u>	<u>78,274</u>	<u>92,081</u>	<u>52,109</u>	<u>-</u>	<u>304,808</u>
Fund Balances:						
Reserved	83,303	-	-	-	1,049	84,352
Unreserved for:						
General Fund	1,195,461	-	-	-	-	1,195,461
Special Revenue Funds	-	880,382	634,184	358,720	-	1,873,286
Total Fund Balances	<u>1,278,764</u>	<u>880,382</u>	<u>634,184</u>	<u>358,720</u>	<u>1,049</u>	<u>3,153,099</u>
Total Liabilities and Fund Balances	<u>\$ 1,361,108</u>	<u>\$ 958,656</u>	<u>\$ 726,265</u>	<u>\$ 410,829</u>	<u>\$ 1,049</u>	

Amounts reported for governmental activities in the statement of net assets

are different because:

Capital Assets used in governmental activities are not financial resources and,
therefore, are not reported in the funds.

4,917,614

Long-term liabilities, including bonds payable, are not due and payable in the
current period and therefore are not reported in the funds.

(724,571)

Net Assets of Governmental Activities

\$ 7,346,142

TOWNSHIP OF ADDISON
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2006

	General	Police Protection	Fire Operating	Fire Capital	Other Governmental Funds Permanent Fund Cemetery	Total Governmental Funds
<u>Revenues</u>						
Property Taxes	\$ 339,002	\$ 877,355	\$ 620,521	\$ 208,478	\$ -	\$ 2,045,356
Licenses and Permits	93,399	-	-	-	-	93,399
Intergovernmental:						
Federal, State and Local	442,924	-	-	-	-	442,924
Charges for Services	225,358	-	-	-	-	225,358
Franchise Fees	7,168	-	-	-	-	7,168
Interest	117,014	8,847	7,469	4,809	10	138,149
Other	12,120	14,920	62,978	-	-	90,018
Total Revenues	<u>1,236,985</u>	<u>901,122</u>	<u>690,968</u>	<u>213,287</u>	<u>10</u>	<u>3,042,372</u>
<u>Expenditures</u>						
Current:						
General Government	814,557	-	-	-	-	814,557
Public Safety	74,437	897,326	686,256	5,377	-	1,663,396
Planning and Zoning	48,699	-	-	-	-	48,699
Public Works	30,962	-	-	-	-	30,962
Recreation and Cultural	13,958	-	-	-	-	13,958
Debt Service:						
Principal	-	-	-	73,580	-	73,580
Interest and Other Charges	-	-	-	27,080	-	27,080
Capital Outlay	-	-	-	78,238	-	78,238
Total Expenditures	<u>982,613</u>	<u>897,326</u>	<u>686,256</u>	<u>184,275</u>	<u>-</u>	<u>2,750,470</u>
Net Change in Fund Balances	254,372	3,796	4,712	29,012	10	291,902
Fund Balances - Beginning	<u>1,024,392</u>	<u>876,586</u>	<u>629,472</u>	<u>329,708</u>	<u>1,039</u>	<u>2,861,197</u>
Fund Balances - Ending	<u>\$ 1,278,764</u>	<u>\$ 880,382</u>	<u>\$ 634,184</u>	<u>\$ 358,720</u>	<u>\$ 1,049</u>	<u>\$ 3,153,099</u>

TOWNSHIP OF ADDISON
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 291,902
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

	(71,779)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

	<u>72,073</u>
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Change in net assets in governmental activities	<u>\$ 292,196</u>
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TOWNSHIP OF ADDISON
Statement of Fiduciary Net Assets
March 31, 2006

	Tax Collection Fund	Agency Fund
<u>ASSETS</u>		
Cash	\$ 2,229,823	\$ 291,485
	<u>2,229,823</u>	<u>291,485</u>
<u>LIABILITIES</u>		
Due to Other	\$ 2,229,823	\$ 291,485
	<u>2,229,823</u>	<u>291,485</u>

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township is governed by an elected seven member Board of Trustees. Services are provided to approximately 6,107 residents in the areas of police and fire protection, parks, and planning and zoning.

As required by generally accepted accounting principles, these financial statements present the Township of Addison. The Township has no component units which are required to be included in these financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Police Protection Fund is a special revenue fund used to account for property tax levy and contract payments to the Oakland County Sheriff's Department.

The Fire Operating Special Revenue Fund is used to account for voted property tax levies to operate the Township's fire department.

The Fire Capital Special Revenue Fund is used to account for voted property tax levies to purchase equipment, vehicles, and buildings for the fire department.

In addition, the Township reports on the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
– Continued

Permanent funds are used to report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. This includes the cemetery expendable trust fund for the municipal cemetery.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary funds include the following fund types:

Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks. Investments for the Township are recorded at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of allowance for uncollectible accounts, which are recorded at \$-0- at March 31, 2006.

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15-50
Buildings	40
Equipment	5-15

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

4. Compensated Absences

In accordance with Township's internal policy, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified. All sick and vacation pay is accrued when incurred in the government-wide financial statements. This liability is composed of employees who retire and any unused vacation paid upon termination of employment. The total liability at March 31, 2006 is \$21,367.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet And the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$713,664 difference are as follows:

Installment Note Payable	\$690,364
Compensated Absences	10,907
Property Tax Tribunal Cases	<u>23,300</u>
	<u>\$724,571</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$71,779 difference are as follows:

Capital Outlay	\$ 78,238
Depreciation Expense	<u>(150,017)</u>
	<u>\$ (71,779)</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The details of this \$72,073 difference are as follows:

Principal Repayments:	
Installment Note Payable	\$ 73,580
Payment of Tax Tribunal Liabilities	9,400
Increase in Compensated Absences Liability	<u>(10,907)</u>
	<u>\$ 72,073</u>

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. Prior to March 31, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue Funds. These are prepared on the activity level basis using the modified accrued method of accounting.
2. Public hearings are conducted at the Township office to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
4. The Township Board must approve any revisions that alter the total expenditures of any department.
5. Budget appropriations lapse at year end.
6. The Township Board may authorize supplemental appropriations (budget amendments) during the year. In 2006, budget amendments were made and are reflected in the financial statements.

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of March 31, 2006.

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

B. Compliance with P.A. 621 of 1978 - Continued

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The budget for the General Fund is adopted at the activity level and the budgets for the Special Revenue Funds are adopted at the fund level. Expenditures in excess of budget appropriations are as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess Expenditures Over Appropriations</u>
Police Fund	\$ 885,500	\$ 897,326	\$ 11,826

C. Public Act 245 of 1999 Compliance

In accordance with the State Construction Code Act, Public Act 245 of 1999, the Township must account for cumulative revenues over or under expenditures generated by the Township's building department from January 1, 2000 and forward.

The cumulative amounts as of March 31, 2006 are as follows:

Cumulative Balance at March 31, 2005	\$ (8,642)
Fees Collected in Fiscal Year 2006	91,989
Expenditures in Fiscal Year 2006	<u>(79,437)</u>
Cumulative Balance at March 31, 2006	<u>\$ 3,910</u>

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information as required by the Governmental Accounting Standards Board Statement Number 40, is presented regarding the Township's deposits and investments:

Custodial Credit Risk. In the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of March 31, 2006, the Township's book

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

IV. DETAILED NOTES ON ALL FUNDS - Continued

A. Deposits and Investments - Continued

balance of its deposits was \$3,601,605. The bank balance was \$4,067,211 which was exposed to custodial credit risk is as follows:

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 100,260
Uninsured and Uncollateralized	<u>3,966,951</u>
Total	<u>\$4,067,211</u>

A reconciliation of cash presented on the financial statements is as follows:

Cash and Cash Equivalents per:	
Statement of Net Assets	\$1,080,297
Statement of Fiduciary Net Assets	<u>2,521,308</u>
Total	<u>\$3,601,605</u>

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

Interest Rate Risk. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's deposits and investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Deposits and Investments:		
Savings and Checking Accounts	\$ 12,260	Demand
Pooled Funds	\$ 3,891,393	Demand
Certificates of Deposit	\$ 163,558	720 Days

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

IV. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year end, all deposits and investments consist of demand accounts, pooled investments, certificates of deposit, all of which are not rated.

Concentration of Credit Risk. The Township's investment policy places no limit on the amount the Township may invest in any one issuer. The Township does not have more than 5% of its total investments in a single issuer.

B. Capital Assets

Capital asset activity for the year ended March 31, 2006 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 3,125,000	\$ -	\$ -	\$ 3,125,000
Capital Assets, being depreciated:				
Building and Improvements	1,547,820	38,837	-	1,586,657
Vehicles and Equipment	1,085,292	39,401	-	1,124,693
	<u>2,633,112</u>	<u>78,238</u>	<u>-</u>	<u>2,711,350</u>
Less: Accumulated Depreciation:				
Building and Improvements	(132,561)	(51,594)	-	(184,155)
Vehicles and Equipment	(636,158)	(98,423)	-	(734,581)
	<u>(768,719)</u>	<u>(150,017)</u>	<u>-</u>	<u>(918,736)</u>
Governmental Activities Capital Assets, net	\$ <u>4,989,393</u>	\$ <u>(71,779)</u>	\$ <u>-</u>	\$ <u>4,917,614</u>

Depreciation expense was charged on the Statement of Activities as follows:

General Government	\$ 1,667
Public Safety	<u>148,350</u>
	\$ <u>150,017</u>

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

IV. DETAILED NOTES ON ALL FUNDS – Continued

C. Interfund Receivables and Payables

The composition of interfund balances as of March 31, 2006, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Operating	\$ 75,652
	Fire Capital	49,097
Police Protection	General Fund	<u>23,967</u>
		<u>\$148,716</u>

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Township for the year ended March 31, 2006:

	Balance			Balance	Due Within
	<u>April 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>March 31, 2006</u>	<u>One Year</u>
Governmental Activities:					
Installment Note Payable	\$ 763,944	\$ -	\$ 73,580	\$ 690,364	\$ 76,188
Property Tax Tribunal Cases	32,700	-	9,400	23,300	23,300
Compensated Absences	-	10,907	-	10,907	-
	<u>\$ 796,644</u>	<u>\$ 10,907</u>	<u>\$ 82,980</u>	<u>\$ 724,571</u>	<u>\$ 99,488</u>

Following is a detailed description of each of the above debts:

2004 Installment Note Payable

During 2004, the Township financed a portion of the new fire station with an installment note through Oxford Bank with an interest rate of 3.495%, a maturity date of May 1, 2013, and annual payments of \$100,660 including interest.

The following is a summary of general obligation debt outstanding (excluding compensated absences and contingencies) of the Township as of March 31, 2006:

	<u>Number of</u>	<u>Interest</u>	<u>Maturing</u>	<u>Principal</u>
Governmental Activities:	<u>Issues</u>	<u>Rate</u>	<u>Through</u>	<u>Outstanding</u>
Installment Note	1	3.495%	2013	\$ 690,364

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

IV. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt - Continued

The annual debt service requirements to maturity for general obligation debt outstanding as of March 31, 2006 are as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 76,188	\$ 24,472
2008	78,887	21,773
2009	81,631	19,029
2010	84,575	16,084
2011	87,545	13,115
2012-2014	<u>281,538</u>	<u>20,193</u>
	<u>\$ 690,364</u>	<u>\$114,666</u>

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at March 31, 2006, is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>
<u>Fund Balance</u>			
Reserved for Cemetery	\$ -	\$ -	\$ 1,049
Reserved for Site Cleanup	83,303	-	-
Unreserved:			
Designated for Subsequent			
Years Expenditures	35,000	-	-
Undesignated	<u>1,160,461</u>	<u>1,873,286</u>	<u>-</u>
Total Fund Balance	<u>\$1,278,764</u>	<u>\$1,873,286</u>	<u>\$ 1,049</u>

F. Property Taxes

Property tax assessments are assessed as of each December 31. The Township tax levy is billed on December 1 of the following year, and payable through February. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed. Township property tax revenues are accounted for in the General Fund, Police Protection Fund, Fire Operating Fund, and Fire Capital Fund, and are recognized in the current year as revenue in accordance with guidelines of the State of Michigan.

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

IV. DETAILED NOTES ON ALL FUNDS – Continued

F. Property Taxes - Continued

The following is a summary of the tax rates levied on the 2005 tax roll:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate</u>	<u>Per \$1,000 of State Equalized Value</u>		<u>Tax Margin</u>
			<u>Authorized Rate Post "Roll Back"</u>	<u>Rate Levied</u>	
Operating	Statute	1.4100	1.0936	1.0936	-
Library	Voted	.7500	.5817	.5817	-
Police	Voted	2.5000	1.9393	1.9393	-
Police	Voted	1.0000	.9357	.9357	-
Fire Operating	Voted	.7500	.5817	.5817	-
Fire Operating	Voted	.7500	.7017	.7017	-
Fire Operating	Voted	.7500	.7500	.7500	-
Fire Capital	Voted	.5000	.4555	.4555	-
Fire Capital	Voted	.2500	.2277	.2277	-

V. OTHER INFORMATION

A. Risk Management

The Township of Addison purchases commercial insurance for its workers compensation coverage and is a member of the Michigan Municipal Risk Management Authority risk pool for its property and general liability insurance coverage. The Township pays annual premiums to the pool. The pool is self-sustaining through member premiums.

In the event that a single loss should exceed the amount of protection afforded by the pool loss reserve fund, or in the event that a series of losses should deplete or exhaust the loss reserve fund, the payment of valid losses shall be the obligation of the individual member or members of the respective pool against whom the claim was made.

No such event has occurred with the Township of Addison and the pools to which it belongs in any of the past three fiscal years.

B. Joint Venture

The Township is a member of the North Oakland Transportation Authority (NOTA), which provides transportation services to the residents of Oxford, Orion, and Addison Townships. The participating communities provide annual funding for its operations. During the current year, the Township contributed \$22,738 for its

TOWNSHIP OF ADDISON
Notes to Financial Statements
March 31, 2006

V. OTHER INFORMATION - Continued

B. Joint Venture - Continued

operations. The North Oakland Transportation Authority is not considered a part of the reporting entity of Addison Township. Separate financial statements of the joint venture may be obtained at North Oakland Transportation Authority, 720 James Hunt Dr., PO Box 96, Oxford, Michigan 48371.

C. Personal Property Tax Multipliers

In November 1999, the State Tax Commission approved revised personal property tax tables for utilities. The revised tables affected taxes collected from 1997 to present due to local units of government continuing to use the personal property tax tables in effect prior to 1999. The issue was the subject of a lawsuit brought by several units of government against the State Tax Commission, challenging the constitutionality of the new utility personal property tax tables. In April 2002, the revised tables were upheld by the court.

The local units of government appealed this decision and during 2003, the Michigan Tax Tribunal entered its judgment to uphold the new tables. The amounts paid to the Township in excess of the approved amounts using the new tables would potentially need to be refunded to the utility companies. During fiscal year 2006, a portion of this liability in the amount of \$9,400 was paid by the Township. The remaining liability could result in refunds of \$3,720 from the General Fund and \$19,580 from the Special Revenue Funds. This matter is expected to be settled some time in the next fiscal year. Therefore, the potential refund amount totaling \$23,300 has been recorded in the Statement of Net Assets.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF ADDISON
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property Taxes	\$ 317,500	\$ 317,500	\$ 339,002	\$ 21,502
Licenses and Permits	113,000	113,000	93,399	(19,601)
Intergovernmental - Federal/CDBG	17,500	17,500	4,846	(12,654)
Intergovernmental - State	441,000	441,000	438,078	(2,922)
Charges for Services	98,900	98,900	225,358	126,458
Franchise Fees	8,500	8,500	7,168	(1,332)
Interest	15,000	15,000	117,014	102,014
Other	25,300	25,300	12,120	(13,180)
Total Revenues	<u>1,036,700</u>	<u>1,036,700</u>	<u>1,236,985</u>	<u>200,285</u>
Expenditures:				
General Government:				
General Administration	233,900	246,900	222,878	24,022
Supervisor	84,272	85,972	85,654	318
Elections	24,500	24,500	11,138	13,362
Legal and Audit	197,900	197,900	199,706	(1,806)
Assessor	45,850	45,850	37,910	7,940
Clerk	115,272	115,272	109,557	5,715
Board of Review	625	625	875	(250)
Treasurer	94,534	97,734	97,663	71
Building and Grounds	21,500	36,500	22,814	13,686
Cemetery	23,500	29,500	26,362	3,138
Total General Government	<u>841,853</u>	<u>880,753</u>	<u>814,557</u>	<u>66,196</u>
Public Safety:				
Safety Inspections	<u>99,750</u>	<u>99,750</u>	<u>74,437</u>	<u>25,313</u>
Planning and Zoning:				
Planning	47,970	47,970	45,817	2,153
Zoning Board of Appeals	4,500	4,500	2,882	1,618
Total Planning and Zoning	<u>52,470</u>	<u>52,470</u>	<u>48,699</u>	<u>3,771</u>
Public Works:				
Engineering	17,500	17,500	12,195	5,305
Street Lights	11,000	11,000	10,499	501
Special Assessment Districts	13,000	13,000	-	13,000
Roads	17,000	17,000	8,268	8,732
Total Public Works	<u>58,500</u>	<u>58,500</u>	<u>30,962</u>	<u>27,538</u>
Parks	<u>17,800</u>	<u>17,800</u>	<u>13,958</u>	<u>3,842</u>
Other Functions	<u>41,327</u>	<u>2,427</u>	<u>-</u>	<u>2,427</u>
Total Expenditures	<u>1,111,700</u>	<u>1,111,700</u>	<u>982,613</u>	<u>129,087</u>
Excess (Deficiency) of Revenues Over Expenditures	(75,000)	(75,000)	254,372	329,372
Fund Balance - April 1	<u>1,024,392</u>	<u>1,024,392</u>	<u>1,024,392</u>	<u>-</u>
Fund Balance - March 31	\$ <u>949,392</u>	\$ <u>949,392</u>	\$ <u>1,278,764</u>	\$ <u>329,372</u>

TOWNSHIP OF ADDISON
Police Protection Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 833,700	\$ 833,700	\$ 877,355	\$ 43,655
Interest	3,000	3,000	8,847	5,847
Other	10,000	10,000	14,920	4,920
Total Revenues	<u>846,700</u>	<u>846,700</u>	<u>901,122</u>	<u>54,422</u>
Expenditures:				
Police Protection	<u>885,500</u>	<u>885,500</u>	<u>897,326</u>	<u>(11,826)</u>
Net Change in Fund Balance	(38,800)	(38,800)	3,796	42,596
Fund Balance - April 1	<u>876,586</u>	<u>876,586</u>	<u>876,586</u>	<u>-</u>
Fund Balance - March 31	\$ <u><u>837,786</u></u>	\$ <u><u>837,786</u></u>	\$ <u><u>880,382</u></u>	\$ <u><u>42,596</u></u>

TOWNSHIP OF ADDISON
Fire Operating Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 560,640	\$ 560,640	\$ 620,521	\$ 59,881
Interest	2,000	2,000	7,469	5,469
Other	62,900	62,900	62,978	78
Total Revenues	<u>625,540</u>	<u>625,540</u>	<u>690,968</u>	<u>65,428</u>
Expenditures:				
Fire Protection	<u>663,750</u>	<u>708,750</u>	<u>686,256</u>	<u>22,494</u>
Excess (Deficiency) of Revenues Over Expenditures	(38,210)	(83,210)	4,712	87,922
Fund Balance - April 1	<u>629,472</u>	<u>629,472</u>	<u>629,472</u>	<u>-</u>
Fund Balance - March 31	\$ <u>591,262</u>	\$ <u>546,262</u>	\$ <u>634,184</u>	\$ <u>87,922</u>

TOWNSHIP OF ADDISON
Fire Capital Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 198,130	\$ 198,130	\$ 208,478	\$ 10,348
Interest	2,000	2,000	4,809	2,809
Total Revenues	<u>200,130</u>	<u>200,130</u>	<u>213,287</u>	<u>13,157</u>
Expenditures:				
Public Safety	-	-	5,377	(5,377)
Capital Outlay	173,830	173,830	78,238	95,592
Debt Service:				
Principal	73,960	73,960	73,580	380
Interest and Fees	26,700	26,700	27,080	(380)
Total Expenditures	<u>274,490</u>	<u>274,490</u>	<u>184,275</u>	<u>90,215</u>
Excess (Deficiency) of Revenues Over Expenditures	(74,360)	(74,360)	29,012	103,372
Fund Balance - April 1	<u>329,708</u>	<u>329,708</u>	<u>329,708</u>	<u>-</u>
Fund Balance - March 31	<u>\$ 255,348</u>	<u>\$ 255,348</u>	<u>\$ 358,720</u>	<u>\$ 103,372</u>